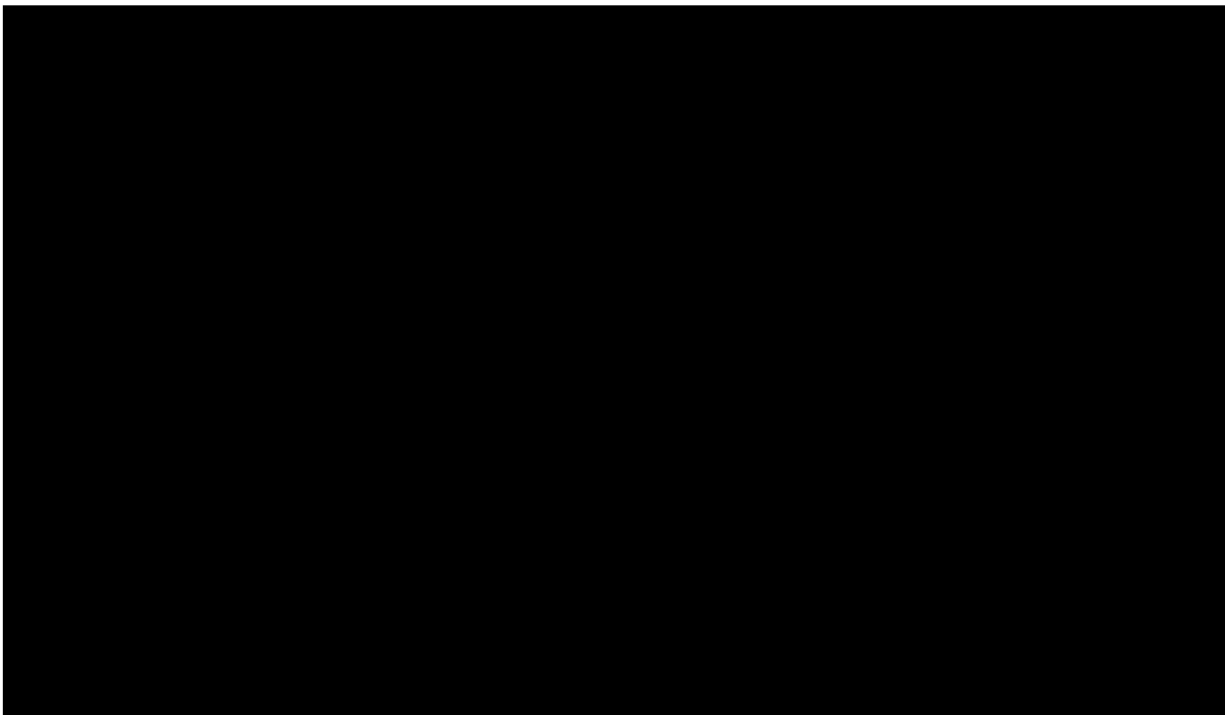


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COMMENT: Do not concur in this recommendation. It is believed that the consolidation of R-45-500 and R-45-510 will have very little, if any, value. Under the present separation of these two regulations, R-45-500 serves to establish policy, responsibility and authority for the procurement of all Agency supplies and services except the unusual covert procurement which is covered by R-45-510. This Office is presently developing a Procurement Handbook which will clarify and prescribe specific procurement authority to be cited in various circumstances for both vouchered and unvouchered funds. After publication and utilization of this document the consolidation of these two regulations will be reviewed for appropriate action as necessary.

2. RECOMMENDATION (Page 29, Para. III D 2 c): It is recommended that "the allotment advice issued by the Comptroller to Logistics (for the operational stock account) should specify the limitation by dollars and type of equipment for each component of the allotment. The Chief of Logistics should establish a mechanism to ensure that requisitions which deviate from these limitations are not accepted."

COMMENT: Do not concur in this recommendation. The present operational stock account was established so that the Logistics Office could effect the procurement and stocking of common use items, as well as the procurement and immediate issue of special (non-stock) operational materiel to meet Agency requirements regardless of the source from which funds allotted to the operational stock account were obtained. This has placed the Office of Logistics in a position to buy, utilizing issue experience as a prime factor for re-order on a stock level basis. Requirements forecasts have been used to a limited degree. It is believed that a line item limitation on each project for which we furnish materiel support cannot be effectively controlled by the Office of Logistics since planning for specific items and quantities of materiel on an all-inclusive basis cannot be accomplished. It is possible that the dollar limitation for materiel to be used for projects can be controlled, but this control should not be exercised by the Office of Logistics. It should be noted that critical items peculiar to specific CIA activities are handled on a controlled item basis. In view of the fact that dollar control is in most instances the prerogative and responsibility of the operating elements, it appears feasible that allotment account ledgers covering requisitions submitted on a project basis could be maintained in the area divisions by the requisitioning activity. This difficulty has been discussed at length with other Agency components and a procedure was developed by the Comptroller and recommended for inclusion with CSN 80-1, Allotment Control Record Procedure, dated 30 June 1953. However, because of additional man hours required, this section of the original procedure was not favorably received by the using components, and therefore omitted from the published notice. This Office will be glad to participate in future discussions for the establishment of such a control. It is understood that commencing 1 July 1954, area divisions have adopted a requisition monetary control by project as set forth in CSN 35-2, dated 16 June 1954.

3. RECOMMENDATION (Page 34, Para. III F.3.c) (Page 7, Para. II 24): The responsibility for providing reproduction and printing services and the 160 positions involved be transferred from the Office of Logistics and to a new office to be called Printing and Reproduction Office, reporting to the DD/S. This transfer should not take place until solutions have been reached to the main problems identified in Section IV G, "Printing and Reproduction Division."

COMMENT: Do not concur in this recommendation. The printing and reproduction activity is adequately serving the needs of the Agency at the present time and in the analysis of the requirements

placed on this activity it is evident that the functions performed are categorically of a logistics nature. It is recognized, at the present time, that the assumption of printing and reproduction responsibilities on a world-wide basis has not been finalized. However, action is in process to further establish this responsibility within the Office of Logistics.

The printing and reproduction function can well be justified in its present position on a basis that printed material is an operational item for certain PP type projects. Most operations require printing support although this support may be material of a clandestine nature or administrative type printing. Planning on a project basis should include printing support from a viewpoint of equipment, supplies and personnel. When printing support is not included in the logistical support plan it must be considered either while the project is in its initial stages or subsequently on a crash basis.

The world-wide logistical responsibility of the Office of Logistics accommodates the organization and mission of the printing and reproduction function. The recognition of the necessity of the printing and reproduction function is essential in conducting a successful Agency logistical program. The Office of Logistics' organization and mission, in this respect, ideally complements the printing and reproduction function. In view of the factors indicated above this Office cannot concur in this proposal.

4. RECOMMENDATION (Page 34, Para. III F.3.d) (Page 7, Para. II 23 and Page 39, Para. IV B.1.f): The responsibility for providing printing advisory assistance be reassigned to the DD/S and the Printing Advisor become a DD/S Special Assistant with initial responsibility for solving the problems identified in Section IV G, "Printing and Reproduction Division".

COMMENT: Do not concur in this recommendation. It is believed that the printing advisory function can best be performed as a part of a reorganized Printing and Reproduction Division constituted under the Office of Logistics. There exists a need to consolidate into a single organizational unit both the printing advisory (staff) function and the operating function which is now the Printing and Reproduction Division. Such a consolidation will eliminate the numerous "staff-operating" conflicts which tend to reduce the effectiveness of the overall printing and reproduction program. This consolidation will therefore contribute to the type of organization required to adequately discharge the responsibilities inherent in an Agency-wide printing program.

5. RECOMMENDATION (Page 47, Para. IV C.3.d.(1)): It is recommended that the Section (Inspection) be removed from the Contract Branch and established as a staff reporting to the Chief, Procurement Division!

COMMENT: Do not concur in this recommendation. Ninety-five percent (95%) of the specific workload of this section is performed in conjunction with contracts. This section performs precontract inspection, inspection during the course of production and final inspection. The efforts of this section determine whether a contract will or will not be placed with a particular concern. They also evaluate performance and make recommendations with respect to settlement of problems relating to performance. In view of these factors it is believed advisable to keep this function at its present level within the organization structure.

It should be noted that function was realigned for more effective operation as result of a management survey by the Management Staff (survey dated 30 June 1954, approved by DD/S 23 July 1954).

6. RECOMMENDATION (Page 48, Para. IV C.3.d.(2)): It is recommended that the present functional Sections of the Contract Branch (Negotiation, Administration, and Termination and Settlement Sections) be abolished and the Branch organized into sections responsible for all phases of a category of contracts.

COMMENT: Do not concur in this recommendation. The present assignment of the Negotiation, Administration, Termination and Settlement Sections functions is an outgrowth of experience and testing. Other agencies have adopted this type of functional arrangement. It is believed that if these activities were combined into one branch, contract administration would be seriously hampered as would termination and settlement work. It is recognized that contract negotiations, administration and settlement work are specialized within the field of contracts. The Management Staff (staff study dated 30 June 1954 and approved by the DD/S 23 July 1954) concurred in this method of organization because it represents a natural and logical breakdown of work in connection with contracts. In view of these factors, it is not believed advisable to establish these functions as a separate branch.

7. RECOMMENDATION (Page 49, Para. IV C.4.b): It is recommended that the Purchase Branch be given responsibility and

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authority for contracts with commercial sources for standard (off-the-shelf) items at fixed prices.

COMMENT: Do not concur in the recommendation. It is believed that the transfer of this responsibility would in effect establish duplication of effort between the Contract Branch and the Purchase Branch. In many instances, the procurement of proprietary items from commercial sources becomes complex and a knowledge of Comptroller General decisions, a legal background, and a very broad familiarity with contract problems are necessary to insure proper settlement. Personnel in the Contract Branch are qualified to handle this type procurement and it is not deemed advisable at this time to split the contract procurement responsibility between the Purchase Branch and the Contract Branch. It should be noted that the present method of operation was concurred in and recommended by the Management Staff in a study dated 30 June 1954 and approved by the DD/S on 23 July 1954.

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9. RECOMMENDATION (Pages 52 and 53, Para. IV D.2.b): It is recommended that the three slots for Control Staff currently scheduled to be eliminated on 30 June 1955 be terminated at that time and that the Control Staff be abolished. The Chief of the Control Staff should be reassigned as an Assistant to the Chief of Supply Division to handle special projects and Supply Division participation in the Logistics Support Course. The remainder of the personnel should be assigned to the Branches as required.

(1) The Control Staff duplicates much of the proper responsibility of the Branches and Sections in developing plans, policies and procedures.

(2) Over-all inspections of overseas logistical activities can better be performed by Officer level staff personnel. Close inspection of a particular supply activity can better be conducted by a true expert from one of the Branches than by another Staff which is somewhere between the former and the latter.

(3) Basically, the Control Staff is an unnecessary echelon between the Branches and the Division Chief.

COMMENT: Do not concur in this recommendation. This Office cannot agree that the Control Staff should be eliminated from the Supply Division organizational structure. In the last reorganization the establishment of this Staff was carefully studied with the assistance of the Management Staff and the functions presently performed are of a continuing nature and will be a continuing requirement in future supply operations. The continuing necessity for the development and revision of regulations and the conduction of visits to field installations can be done most effectively through the utilization of this type staff. It should be recognized that the magnitude of our present operation makes it inadvisable to continually send experts in limited fields such as storage and stock control on world-wide visits. It is believed that the Control Staff is a necessary echelon between the Branches of the Division and the Division Chief; the Staff exercises no command authority but deals in those matters which have Division-wide significance.

10. RECOMMENDATION (Page 54, Para. IV D.3.b): Because of the need for such close collaboration between the Stock Management Section and the Requirements Section, it is recommended that two sections be combined to obtain greater efficiency.

COMMENT: Do not concur in this recommendation. The Stock Management Section and the Requirements Section have at the present time a common supervisor. The performance of the functions of the Requirements Section require close and continuous liaison with using components of the Agency and this function cannot be assumed by the Chief of the Stock Management Section. The reassignment of these two functions on a joint basis would not permit adequate coordination and correlation nor would this in effect represent a homogeneous assignment of responsibilities. In view of these factors, it

is believed advisable to retain these two functions in their present position within the control structure of the Supply Division.

11. RECOMMENDATION (Page 55, Para. IV D.4.b): It is recommended that responsibility for command of the domestic depots be delegated to the Chief of the Storage Operations Branch.

COMMENT: Do not concur in this recommendation. At the present time the Storage Operations Branch has Staff command and directive control over the Supply Division depots and in that capacity has sufficient authority to insure that the responsibilities of the Chief of the Supply Division are executed in an effective manner. In instances where the Chief of the Storage Operations Branch and the depot chiefs reach disagreement, the Chief of the Supply Division is consulted and a decision rendered. It is believed that this method of operation is being conducted in a set manner and that no change is required at this time.

12. RECOMMENDATION (Page 55, Para. IV D.4.c): Logistics has drafted an unrealistic regulation designed to inject the Office officially into caching activities. It is recommended that the proposed regulation be replaced by an Agency notice announcing the technical service which Logistics can provide.

COMMENT: Do not concur in this recommendation. This regulation has been prepared in accordance with the provisions of Agency Regulation 5-100 in that it sets forth on an official basis the responsibilities and authorities of Agency components in caching programs. It is believed that this type directive material will be of a continuing nature and that issuance should be in the form of a regulation rather than in the form of a notice.

25X1A6a 13. RECOMMENDATION (Page 66, Para. IV E.5.g) (Page 58, Para. IV E.6.i): It is recommended that all the trucks and drivers used by the ~~Washington~~ Depot be reassigned from the Highway Branch to the Cargo Branch. As a second step, it is further recommended that the Director of Logistics ascertain the feasibility of assigning those trucks and drivers used for local deliveries to the operational and administrative command of the Chief of the ~~Washington~~ Depot. The Highway Branch should retain responsibility for inspecting, servicing, and maintaining Agency-owned trucks and trailers.

25X1A6a COMMENT: Do not concur in this recommendation. The division of responsibility referred to in this recommendation has been carefully considered. However, in order to maintain control

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25X1A6a and flexibility of operations and realize the maximum utilization of trucks and drivers, it is not considered advisable at this time to reassign the trucks and drivers of the Highway Branch to the Cargo Branch or to the [REDACTED] Depot. It should be noted that the existing assignment of trucks and drivers insures adequate maintenance of all vehicles.

14. RECOMMENDATION (Pages 69 and 70, Para. F.2.b) (Page 8, Para. II 34): It is recommended that the Agency employ, on a consultant basis, a qualified architect-engineer to survey all of the Agency's major completed construction projects and submit recommendations to assure that the Agency will complete the unfinished aspects of its construction program efficiently and economically.

COMMENT: Do not concur in this recommendation. Major construction projects of the Agency have been designed and constructed under the jurisdiction of the Bureau of Yards and Docks of the Department of the Navy or the Corps of Engineers of the Department of the Army and the design for construction standards and inspection procedures of these military services have been maintained. The design, construction, and costs have been monitored and controlled by the Office of Logistics. All plans have been approved by the Office of Logistics and the using activity prior to the initiation of construction orders. In view of these factors, it is doubtful that such a survey as recommended would be of any benefit and extremely costly as well as time consuming.

15. RECOMMENDATION (Page 76, Para. IV G.3.d): It is recommended that as much as possible of the sensitive materials for DD/P operational use be prepared in the "K" Building Plant and that any work for DD/P which is not for operational use be performed in connection with other such work.

25X1A6a COMMENT: Do not concur in this recommendation. Complete evaluation has been made of this recommendation and it has been determined that the DD/P elements are completely satisfied with the security measures in effect at the [REDACTED] Plant. This is evidenced in the production of some ten million impressions of highly classified PPW work which was performed in the [REDACTED] plant during the past year. The "K" Building Plant is equipped only with small multilith, mimeograph and ditto machines and no plate-making facilities are available. Thus the amount of PPW work which can be done in this Plant is very limited. The "K" Building Plant is, and should continue to be, utilized for small crash jobs for

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offices in the immediate area where the Plant is located. To attempt to produce any amount of PFW work in the "K" Building Plant would require the transfer of equipment between the two Plants such as larger offset presses, camera and plate-making equipment. Space in the "K" Building plant area is not available. Since the present arrangement is working satisfactorily and DD/P elements are satisfied both with respect to the PFW work produced in the [REDACTED] Plant and with the FI reports and other work produced in the "K" Building Plant, this Office believes it advisable to continue its operation on its present basis.

16. RECOMMENDATION (Page 33 Para. III F.3.a) (Cross Reference: Page 7, Para. II 21): The responsibility for telephone service for Agency Headquarters and the 25 positions involved be transferred from the Office of Logistics to the Office of Communications.

COMMENT: Do not concur in this recommendation. The function of providing telephone facilities is strictly a service-type function closely related to the function of providing space and required maintenance or alterations. In order to assure uninterrupted telephone service on office moves involving space reassignments, the transfer of telephone facilities must be closely coordinated with the physical move. As presently constituted this complete service is controlled by the Real Estate and Construction Division. Division of this responsibility would necessitate additional coordination. Maintenance of telephones is performed on a contract basis and not handled by the Agency. The functions of the Office of Communications are of a worldwide significance and the assignment of the responsibility for telephone service for Agency Headquarters to that office would not represent a homogeneous alignment of functions.

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